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ROOSEVELT DEFINES U.S. SECURITY NEEDS IN PACIFIC

THE invasion of southern France by Allied forces on August 15 represents a further unfolding of the Teheran strategy of waging war against Germany on many land fronts. But the success of this summer's operations against the Nazis will be felt in areas far beyond the European theatre. This, in fact, is the meaning of President Roosevelt's trip to the west coast, Hawaii and the Aleutian islands in July and August. His journey constitutes a declaration to the American people that major attention can now be given to the strategy of defeating Japan, as well as to the clarification of our political objectives in the Pacific area.

PLANNING AT PEARL HARBOR. The times were therefore propitious for the President to discuss the long-term strategy of the Pacific war with the two top American commanders in that area, General MacArthur and Admiral Nimitz. Moreover, as Germany moves toward certain defeat, however bloody the process, the American high command is inevitably in an increasingly favorable position to estimate the number of ships, planes and men that can be moved to the Far East when the European war is over and the approximate dates for which particular actions against Japan can be planned. The President suggested something of this in a press conference at Pearl Harbor on July 29, when he remarked that any operation planned on the great scale required by Pacific distances had to be charted far ahead of time. One type of operation he probably had in mind was indicated by Admiral Nimitz on August 13 when he declared that the United States would be prepared to invade the Japanese home islands, but he was not certain this would actually be required to bring about Japan's defeat.

The President's trip will have useful results beyond the solution of strategic questions. He was able by his very presence to give encouragement to the officers and men in the Pacific area and to secure

first-hand information that will help him in reaching future decisions about the war with Japan. The opportunity to meet General MacArthur whom he had not seen in seven years may also serve to cement personal relations. But not least significant is the fact that the President secured an effective platform from which to clarify both for the American public and our Allies the views of the United States on various problems of the Pacific.

In an address at the Puget Sound Navy Yard on August 12 Mr. Roosevelt left no doubt about this country's intention to take all steps necessary to prevent a recurrence of Japanese aggression. Disclaiming any American ambition to acquire land on the Asiatic continent, he declared that the sea and air navigation route, which passes close to the Alaskan coast and through the Aleutians on the way to Siberia and China, must be under "undisputed" American control. Without naming particular islands, he said it was essential for the United States to have "forward bases nearer to Japan than Hawaii lies." But he made it clear that "we have no desire to ask for any possessions of the United Nations" in the Pacific.

POLICY TOWARD JAPAN. The President also explored briefly some problems of dealing with a defeated Japan, declaring: "The word and honor of Japan cannot be trusted. . . . It is an unfortunate fact that years of proof must pass by before we can trust Japan and before we can classify Japan as a member of the society of nations which seeks permanent peace and whose word we can take." He also condemned Japan's "war lords and home lords" and referred to the responsibility of the Japanese people who, whether or not they know and approve of what their leaders have done for almost a century, "seem to be giving hearty approval to the Japanese policy of acquisition of their neighbors and their neighbors' lands."

These statements will have to be amplified before

we can know their full significance, but they seem to differ from views sometimes attributed to the State Department. In the President's remarks, for example, there is no reference to the possibility of "moderate" civilian elements or a "peace-seeking" emperor taking the reins in Japan. On the contrary, the linking of "war lords and home lords" cuts cleanly across any distinction between the Japanese militarists and their supposedly unwilling civilian accomplices. What the President seems to have done is to recognize that any Japanese elements which abhor their country's policies have been unable to make themselves felt so far and that it is up to the Japanese nation to prove to us that it can be trusted.

MR. ROOSEVELT AND MR. WALLACE. When Vice-President Wallace visited Siberia and China last May and June, it was widely suggested that he was seeking to improve his chances of renomination by the Democratic party or, alternatively, that the President wanted to dispose of Mr. Wallace by having him out of the country at the time of the Democratic National Convention. Similarly, some Republican newspapers have now declared that the President's Pacific trip was designed to improve his voting strength in November. An earlier *Bulletin* article has indicated that the Vice-President actually

had important official business to perform in the Far East,* and the present article should make it clear that Mr. Roosevelt's trip also served many useful purposes.

But what does not appear to have been noted in the press is that it can hardly be fortuitous that the two highest officials of the United States government have given so much attention to the Pacific area in recent months. Mr. Wallace's departure for the Orient was announced on May 20, and on July 10 he conferred with the President in Washington after returning from China. Three days later the President left Washington en route to the west coast and the Pacific. From the timing of the two journeys it is difficult to escape the impression that Mr. Wallace's discussions in Siberia and China dovetailed in some important way with the President's activities in the eastern half of the Pacific war theatre. At the very least the trips indicate that the United States government has been engaged in far-reaching preparations for speeding up the war against Japan and laying a sound basis for peace in the Far East.

LAWRENCE K. ROSINGER

*"Wallace Outlines Basis for Post-War Harmony in Far East," *Foreign Policy Bulletin*, June 30, 1944.

FULL EMPLOYMENT—MAJOR BRITISH POST-WAR AIM

Action by the United States Congress on legislation for unemployment insurance and the reconversion of industry to a peacetime basis suggests a comparison with similar British plans that stem from the White Paper on "Employment Policy" published on May 27. The proposals of the White Paper were approved after a 3-day debate in Parliament during the last week in June. The constantly improving military situation in Europe has added a note of urgency to such legislation, while the necessity of achieving the domestic goal of stable employment and a high income level in the chief industrial nations has become the first requisite for much of the planning in the international sphere.

BRITAIN IN THE WORLD ECONOMY. Nowhere are the disastrous international economic consequences of failure to achieve full employment more clearly understood than in Britain. In the United States less emphasis has been given to the relationship between foreign and domestic policy, but it is now generally recognized in England that achievement of full employment will ultimately rest on an increase in the export trade. Britain's prospective adverse balance of payments position gives ample evidence of this. Always a large importer of food and raw materials, Britain will need a substantial increase of exports hereafter to pay for those imports, since it will now be necessary to make up for the heavy loss of foreign investments and shipping

receipts occasioned by the war and to offset the huge increase in external debt. As Lord Keynes, head of the British delegation at the recent Bretton Woods Monetary Conference pointed out, Britain has acquired \$12 billion of external debt during the war, and has at the same time liquidated \$4 billion of its credits abroad.

The Employment White Paper only briefly indicates the importance of an increase in export trade and suggests that this could be assured through international collaboration. This underlying assumption, however, has provided one of the chief criticisms of the Paper. There is concern that the new doctrine of full employment may be incompatible with some of the ideas advanced in international discussions concerning the future of trade, and it is suggested that, in order to maintain such a policy, Britain may be forced to resort to exchange controls, bilateral trade agreements, the formation of cartels and the like—all practices which led to restriction of world trade in the thirties. Yet it is certain that the British public, having experienced full employment as a by-product of the war, will not willingly return to pre-war conditions of recurrent unemployment.

WHITE PAPER PROPOSALS. No acute unemployment problem is anticipated in Britain immediately following cessation of the conflict, but the controls imposed during the war, including the rationing of consumers' goods, are to be continued in the tran-

sition period. This particular measure will be undertaken, in the main, for the purpose of aiding the export industries, on which so much depends in the long run. They are to be given high priority in the allocation of raw materials, labor and factory space.

The aim of future policy will be to detect at the outset the beginning of a slump, and, by a series of concerted measures, to counteract the ensuing unemployment as quickly as possible. Unbalanced budgets will be employed in case of need, and the government will accept the responsibility of influencing capital expenditures at the right time, both public or private and national or local. Under the new policy, increased public investments will be made when private investments are beginning to fall off. The location of industry is to be planned in an orderly fashion, and a policy of diversified industries in the hitherto depressed areas will be undertaken. Mobility of labor will be sought through training programs and the cooperation of collective labor organizations. Examination of the tax system in the light of the needs of full employment is proposed, and a novel plan is suggested whereby social security contributions may be varied in accordance with the prevailing economic situation. So basic is the problem of full employment, that the government has issued the present White Paper before offering detailed proposals for social security, although the earlier Beveridge Report outlined future schemes in that field and other plans now exist for education, health, housing and land use.

Britain's attack on the question of full employment is to be on a broad scale, not unlike that of a great and sustained military operation, in which a central planning and statistical agency will perform functions similar to those of a general staff. This permanent central staff will measure and analyze economic trends on the basis of full information, and report on them to the Ministry concerned. The annual White Paper on National Income and Expenditure is to be extended until it becomes a virtual Capital Budget of the Nation's Wealth, and this central financial analysis will be supplemented by manpower studies undertaken by the Ministry of Labor.

WAR ON UNEMPLOYMENT. The statement of policy embodied in the White Paper was produced by an all-party government, and the general approval with which the plans were greeted emphasizes British insistence on achieving full employment—even at the expense of older or more orthodox economic policies. The sweeping nature of British proposals

may be contrasted with the limited measures envisaged under the George bill—framed as an amendment to the Social Security Act—now before the United States Congress following defeat of the broader Murray-Kilgore bill.

The opening words of the White Paper illustrate the remarkable degree to which British opinion accepts the necessity of state intervention in economic affairs: "The Government accept as one of their primary aims and responsibilities the maintenance of a high and stable level of employment after the war," and it continues, "the conception of an expansionist economy . . . here proposed [has] never yet been systematically applied as part of the economic policy of any Government. In these matters we shall be pioneers." The tenor of the Parliamentary debate, however, indicated that the issue of private versus public ownership still persists. Although several Labor members expressed a belief that no such policy was feasible unless greater nationalization of industry was undertaken, the coalition government has urged that the proposals of the White Paper would operate, whatever the ownership of industry might be.

The White Paper emphasizes that the full support of industry and labor will be no less important than government action, but in general the statement indicates that the government will henceforth provide a framework within which the national economy in Britain will function. Speaking in the House of Commons debate, Mr. Ernest Bevin, Minister of Labor, made the challenging statement that "the main purpose of the White Paper was to declare war on unemployment." Every measure, the Minister added, concerning the monetary system, commercial agreements, industrial practices or the whole economy will be judged against the acid test—do they produce employment or unemployment?

GRANT S. MCCLELLAN

The Rest of Your Life, by Leo Cherne. Garden City, Doubleday, Doran and Company, 1944. \$2.75

The Executive Secretary of the Research Institute of America sketches the many problems facing America in the postwar world in such diverse fields as production, aviation, medicine and psychiatry. No solutions are offered, but the author insists upon the basic requirement of full employment.

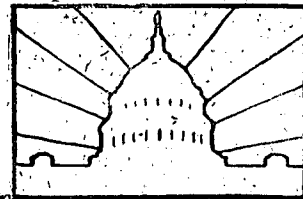
Middle America, by Charles Morrow Wilson. New York, W. W. Norton and Company, 1944. \$3.50

Detailed factual description with interesting half-tone illustrations.

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Washington News Letter



U.S. AND BRITAIN REACH ACCORD ON OIL PROBLEMS

The petroleum agreement signed on August 8 in Washington between the United Kingdom and the United States is a landmark in international cooperation, although it does not go into force until each government has notified the other that it is ready. Upon the United States' insistence, the principle of equal opportunity in the acquisition of oil concessions is improved. Also, non-discrimination and a fair price level in distribution to all buyers are insured. These purposes were originally embodied in the fourth paragraph of the Atlantic Charter, signed by President Roosevelt and Prime Minister Churchill on August 14, 1941, almost three years to the day before the petroleum agreement was reached. Both principles are included in Article I of the agreement. In a talk at the University of Virginia on July 6, 1942, Dean Acheson, Assistant Secretary of State, stressed the importance these principles will assume at the time of the lend-lease settlement—stating that the settlement would embody the Atlantic Charter principles "that there shall be equal access to the trade of the world and to its raw materials for all nations."

U.K. ASKS EMPIRE PREFERENCE. The equal access and non-discriminatory principles provoked the only major dispute during the conversations, which opened on July 25 and led to agreement two weeks later. The British delegation, headed by Lord Beaverbrook, Lord Privy Seal, requested the United States delegation, headed by Secretary of State Hull, to modify its stand for absolute equal access and non-discrimination by authorizing Britain to sell petroleum on the imperial preference basis. This would have given a lower price to British oil moving to India, members of the British Commonwealth and British colonies than to oil sold elsewhere. The request was in keeping with the Atlantic Charter corollary enunciated by Prime Minister Churchill on April 21, 1944 when he said that the Charter did not exclude imperial preference. By declining to accept the argument of the British delegation that problems of foreign exchange which would exist after the war made imperial preference advisable, the United States secured its exclusion from the compact. As a concession, the United States agreed that the period of notice of termination from either party would be reduced from six months to three months.

The petroleum agreement's genesis lies in in-

formal conversations between the two countries in 1943. Secretary of the Interior Harold Ickes prodded both governments toward action by his announcement on February 6 that the United States intended to finance construction of a pipeline to carry oil from petroleum fields owned by American concerns in Saudi Arabia and the Sheikdom of Kuwait to an outlet on the Mediterranean Sea. Preliminary understanding on the nature of the agreement the two governments would reach came during conversations in Washington among technicians from April 19 to May 3. The agreement provides for the establishment of an interim International Petroleum Commission, to be made up of four United States and four United Kingdom members, and ultimately for a permanent International Petroleum Council. The dual agreement pledges its signatories to plan for an international conference among all countries interested in the petroleum trade, "whether as producers or consumers," which would set up the council.

GREATER TEST AHEAD. The United States has yet to learn whether Congress will demand the privilege of approving the dual agreement. Assuming that this hurdle is surmounted, the real test of the two governments' willingness and ability to work together on a commodity problem about which each has different views will come when the International Commission meets. Article III, paragraph 2, of the agreement directs the commission "to suggest the manner in which, over the long term, the estimated demand may best be satisfied by production equitably distributed among the various producing countries," and one of the first problems the body will deal with is whether to assign maximum quotas for petroleum in international commerce to the various producing areas in the Middle East where British and United States interests compete.

Another problem will arise out of the two commercial restrictive agreements which British-dominated companies have sponsored in the Middle East—the Red Line Agreement and the Kuwait Marketing Agreement. Both safeguard British petroleum interests, but the new agreement provides for freeing the production and distribution of petroleum "from unnecessary restrictions." Whatever it decides, the commission will have no enforcing authority of its own; the two governments will rely on each other to act on commission recommendations.

BLAIR BOLLES

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